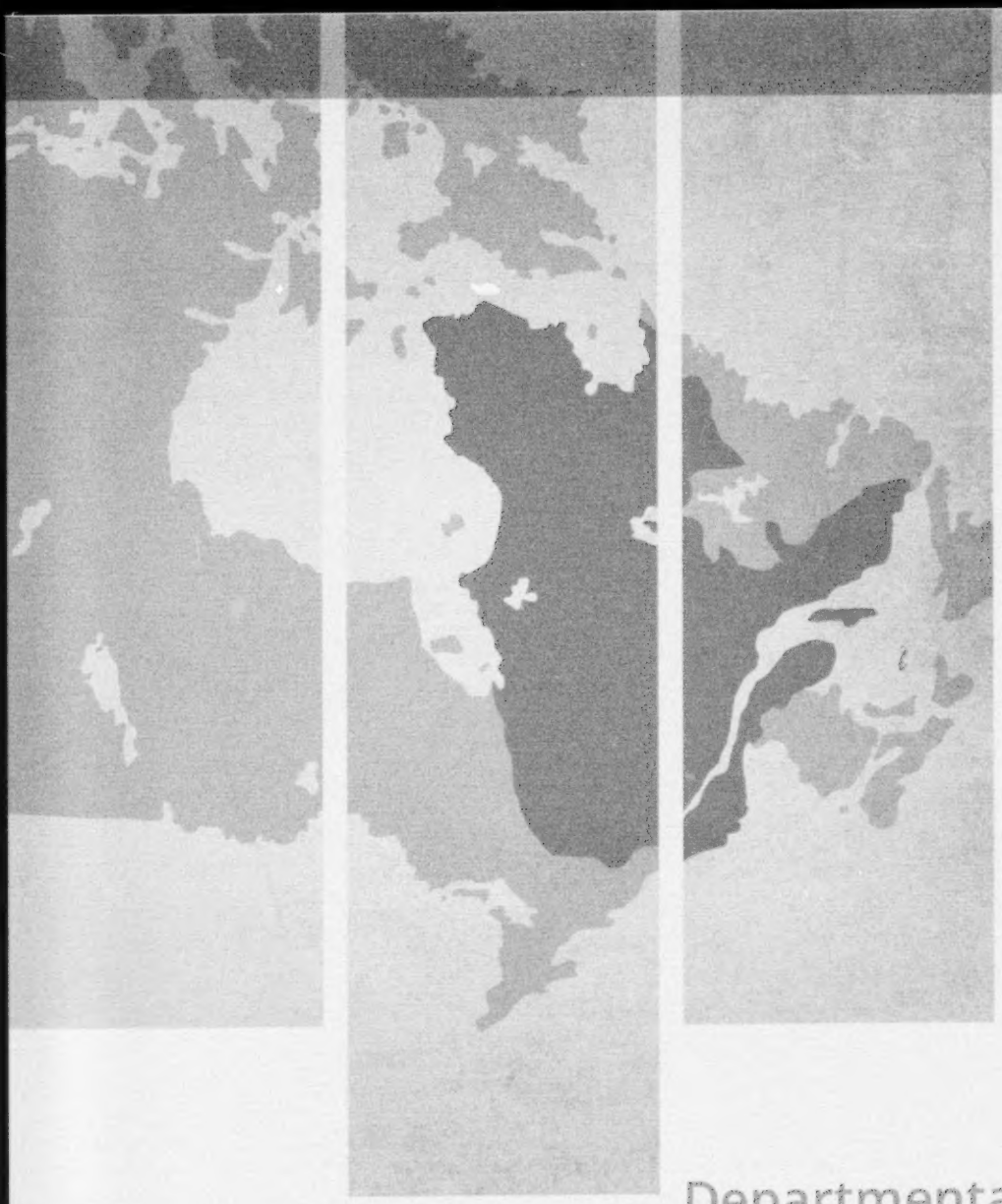

Departmental Performance Report

Canada Economic Development for Quebec Regions

2013-2014

Denis Lebel
Minister of Infrastructure, Communities and Intergovernmental Affairs, and Minister of Economic Development Agency of Canada for the Regions of Quebec.

Développement économique Canada pour les régions du Québec
Canada Economic Development for Quebec Regions

Canada

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Foreword

Departmental Performance Reports are part of the Estimates family of documents. Estimates documents support appropriation acts, which specify the amounts and broad purposes for which funds can be spent by the government. The Estimates document family has three parts:

Part I – Government Expenditure Plan provides an overview of federal spending.

Part II – Main Estimates lists the financial resources required by individual departments, agencies and Crown corporations for the upcoming fiscal year..

Part III – Departmental Expenditure Plans consists of two documents. Reports on Plans and Priorities (RPPs) are expenditure plans for each appropriated department and agency (excluding Crown corporations). They describe departmental priorities, strategic outcomes, programs, expected results and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. Departmental Performance Reports (DPRs) are individual department and agency accounts of actual performance, for the most recently completed fiscal year, against the plans, priorities and expected results set out in their respective RPPs. DPRs inform parliamentarians and Canadians of the results achieved by government organizations for Canadians.

Additionally, Supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time for inclusion in the Main Estimates or were subsequently refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an appropriated organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

The Treasury Board Policy on Management, Resources and Results Structures further strengthens the alignment of the performance information presented in DPRs, other Estimates documents and the Public Accounts of Canada. The policy establishes the Program Alignment Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and

parliamentary reporting. The same reporting structure applies irrespective of whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013–14 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPR's format and terminology have been revised to provide greater clarity, consistency and a strengthened emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminology are now provided in an appendix.

Minister's Message

I am proud to submit to Parliament the *Departmental Performance Report* of the Economic Development Agency of Canada for the Regions of Quebec (CED) for the period ended March 31, 2014.

Over the past few years, the measures taken by the Government of Canada have contributed to making Canada's the highest performing G7 economy in several respects. Of all the G7 countries, Canada has posted the strongest employment growth since the recovery in 2009.

Over the past 12 months, in line with its mandate and the Government of Canada's priorities, CED continued to support the economic growth of the different regions of Quebec by supporting enterprises and communities.

CED pursued its efforts in that regard through the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*, aimed at supporting communities affected by the decline in that industry. It also helped support the upgrading and enhancement of existing community infrastructure in the regions of Quebec through the *Community Infrastructure Improvement Fund*.

In the wake of the tragic events of July 2013, CED wasted no time implementing the *Economic Recovery Initiative for Lac Mégantic*, in order to support that community's economic recovery and rebuilding.

Through its *Quebec Economic Development Program*, CED invested some $198 million in grants and contributions to boost enterprises' growth. Its actions fostered entrepreneurship, business productivity, exports, commercialization and innovation throughout Quebec.

I invite you to peruse this report, which shows that CED's intervention is closely geared to the economic realities of Quebec and contributes to the development of enterprises and the dynamism of Quebec's regions.

Denis Lebel

Minister of Infrastructure, Communities and Intergovernmental Affairs and
Minister of the Economic Development Agency of Canada for the Regions of Quebec

SECTION I: Organizational Expenditure Overview

1.1 Organizational Profile

Minister: The Honorable Denis Lebel

Deputy Head: Marie Lemay

Ministerial Portfolio:
Economic Development Agency of Canada for the Regions of Quebec

Year Established: 2005

Main Legislative Authorities:
Economic Development Agency of Canada for the Regions of Quebec Act[1]

[1] See the Justice Canada Website: laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html.

1.2 Organizational Context

1.2.1 Raison d'être and Responsibilities

Object

Under its Act,[2] which came into effect on October 5, 2005, CED's object is to "promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate."

Strategic Outcome

Quebec's regions have a growing economy.

Vision

Quebec regions and enterprises participate to their full potential in the economy of tomorrow, building on their respective assets.

As part of its mission, CED promotes the start-up and growth of businesses. It helps them become more competitive, productive, innovative and active on domestic and foreign markets. It supports communities' engagement efforts in Quebec's regions and helps to attract investment that will increase the prosperity of the Quebec and Canadian economies.

CED thus contributes to the economic vitality of all Quebec regions, by paying special attention to communities with low economic growth, as stipulated in its enabling Act. In this respect, the CED uses an Economic Development Index[3] which allows it, among other things, to determine the economic development levels of Quebec's 104 Quebec communities[4] in order to meet needs effectively.

CED works with businesses, primarily small and medium-sized enterprises (SMEs), as well as non-profit organizations (NPOs) through its business offices.[5] By providing financial assistance for projects, among other things, CED supports their development efforts.

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2 To consult the text of the *Economic Development Agency of Canada for the Regions of Quebec Act*, visit: laws-lois.justice.gc.ca/eng/acts/F-1.3/index.html.

3 The Economic Development Index consists of many variables, such as the participation rate, level of entrepreneurship, level of exporting establishments, value of building permits, diversification of the industrial structure, productivity, and more besides.

4 By "communities," CED means Quebec's 104 regional county municipalities (RCMs) and equivalent territories (ETs).

5 To consult the list of the CED's business offices, visit: http://www.dec-ced.gc.ca/eng/contact/offices/index.html.

CED's approach is inspired by the best practices identified with respect to regional economic development.[6] It is:

- **consistent** with government priorities and national strategies in line with its object and anticipated results;
- **geared** to the economic issues and challenges of Quebec's enterprises and its different regions by building on their assets and potential;
- **collaborative** with economic agents, such as local partners, other federal departments and agencies, the Quebec government and municipal organizations.

CED's Grants and Contributions Programs and Initiatives, 2013–14[7]

Quebec Economic Development Program (QEDP)

- Ad-hoc initiatives
  - *Economic Recovery Initiative for Lac Mégantic*
  - *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*
  - *Linguistic Duality Economic Development Initiative* (EDI)
  - *Community Infrastructure Improvement Fund* (CIIF)

Canada-wide program implemented in Quebec by CED:

- *Community Futures Program* (CFP)

Infrastructure Canada's delivery partner for administration in Quebec:[8]

- *Building Canada Fund–Quebec* (BCF)
- *Municipal Rural Infrastructure Fund* (MRIF)

[6] Visit CED's website: www.dec-ced.gc.ca/eng/publications/agency/strategic/2012/261/index.html.

[7] CED contributes to the design, administration or implementation in Quebec of nationwide G&C programs and ad-hoc initiatives. For further details concerning these programs and initiatives, visit CED's website: www.dec-ced.gc.ca/eng/programs/qedp/index.html and the supplementary tables on transfer payments.

[8] For further details on this program, visit the Infrastructure Canada website: www.infrastructure.gc.ca/index-eng.html.

1.2.2 Strategic Outcome and Program Alignment Architecture

This report is structured according to CED's Program Alignment Architecture (PAA), which came into effect on April 1, 2012. The following list presents CED's complete framework of four programs and seven sub-programs,[9] the links among them, and the strategic outcome to which they contribute.

1. **Strategic Outcome:** Quebec's regions have a growing economy

1.1 Program: *Business Development*

- **1.1.1 Sub-program:** *Support for entrepreneurship*
- **1.1.2 Sub-program:** *Enterprises' performance*

1.2 Program: *Regional Economic Development*

- **1.2.1 Sub-program:** *Mobilization of regions*
- **1.2.2 Sub-program:** *Investment in the regions*

1.3 Program: *Strengthening of Community Economies*

- **1.3.1 Sub-program:** *Community Futures Program*
- **1.3.2 Sub-program:** *Modernization of infrastructure*
- **1.3.3 Sub-program:** *Ad-hoc targeted support*

1.4 Program: *Internal Services*

[9] Note that a grants and contributions (G&C) program or a transfer payment program does not correspond to a program or sub-program in the PAA.

1.2.3 Organizational Priorities

Priorities represent the areas on which CED has decided to focus. They are established on the basis of Government of Canada priorities, departmental risks and targeted results, and the economic challenges of Quebec's different regions. During FY 2013–14, CED implemented the following three priorities, which are in line with those presented in its most recent *Reports on Plans and Priorities* (RPPs):

Priority #1	Type	Link to Program
Contribute to Quebec's long-term economic growth and prosperity by supporting enterprises' growth (directly or via NPOs), while paying particular attention to communities with lower growth potential	Ongoing (wording revised since FY 2012–13)	1.1 *Business Development*
Summary of Progress		
• CED continued its support for business development in 2013–14, contributing among other things to strengthening the competitiveness of Quebec's manufacturing sector.[10] The total share of assistance approved for this priority held steady in 2013–14 when compared with 2012–13, amounting to 67% of total assistance approved by CED under its programs.[11] • CED signed 348 new contribution agreements with regard to this priority in 2013–14, representing $125.0 million in approved financial assistance. Of these: - 60 were intended to support entrepreneurship, for $21.4 million in approved financial assistance. These were new projects aimed at business pre-startups and startups; - 181 concerned support for productivity and expansion of enterprises; approved assistance for these projects totalled $67.9 million; - 42 were signed to foster innovation and technology transfer, totalling $22.1 million in approved assistance; - 65 concerned support for commercialization and exports, for $13.6 million in approved assistance.		

[10] Link to Government of Canada priorities: www.budget.gc.ca/2013/doc/themes/manufact-eng.html.

[11] Total number of projects approved corresponds to projects newly approved by CED during a given fiscal year.

- CED paid special attention to communities experiencing slow economic growth:[12] 38% of new contribution agreements associated with business development were located in these communities (131 projects), for 37% of approved assistance ($46.9 million). These communities account for 21% of the total population of Quebec.

Priority #2	Type	Link to Program
Contribute to strengthening the economy of the regions and communities through targeted ad-hoc support	Priority previously committed to during FY 2012–13 (wording revised)	1.3 *Strengthening of Community Economies*

Summary of Progress

- CED continued to implement the *Community Infrastructure Improvement Fund* (CIIF), in effect until March 31, 2014. The purpose of the CIIF was to support the upgrading and enhancement of existing community infrastructure.
  - 230 new contribution agreements signed in 2013–14;
  - $23.1 million in approved assistance for these projects;
  - Enhancement of the quality of community facilties and economic spinoffs in 80 communities in Quebec.
- CED has implemented two new initiatives to provide particularly vulnerable communities with targeted ad-hoc support:

  1. *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*
     - Has a budget envelope of $50 million over seven years;
     - Aims to accompany communities and businesses in the Des Appalaches and Des Sources RCMs in their efforts to diversify and strengthen their economic base and thus increase their long-term growth potential;
     - 126 meetings with potential clients and economic development

[12] CED has identified 68 RCMs with slow economic growth, targeted on the basis of its Economic Development Index. For a list of these RCMs, visit: www.dec-ced.gc.ca/eng/programs/qedp/rcm.html.

partners took place in the areas served;

- 11 contribution agreements signed in 2013–14, for $3.7 million in approved assistance.

2. *Economic Recovery Initiative for Lac Mégantic*
   - With a budget envelope of $35 million over seven years, it is divided into three components: reconstruction of the town, direct assistance to enterprises, and creation of two investment funds managed by the Mégantic-area Community Futures Development Corporation (CFDC);
   - Aims to provide support for the economic recovery and rebuilding of the town in the aftermath of the rail accident of July 6, 2013;
   - Deployment of a dedicated team in the field to accompany local stakeholders in their economic development efforts. Between the launch of the Initiative and March 2014, the team took part in more than 55 meetings with entrepreneurs, town officials and local economic agents;
   - Four contribution agreements signed, for $6 million in total assistance.

Priority #3	Type	Link to Program
Continue the Agency's modernization and transformation	Ongoing (wording revised since FY 2011–12)	All

Summary of Progress

In 2013–14, CED continued and accelerated implementation of its transformation and modernization initiatives. The *Blueprint 2020* government initiative launched during FY 2013–14 provided further backing for what CED had already undertaken in that regard.

CED completed several modernization projects for which it was the implementing authority. It influenced and adjusted to developments in other departments' plans with respect to implementation of government-wide initiatives in that respect. In the wake of *Blueprint 2020*, CED set up several mobilization and consultation activities across the organization, and developed an action plan that will run until 2020.

More accessible, more modern services and programs aimed at providing service more closely geared to CED clients

- CED completed the integration in 2013–14 of risk management in several of the main stages in the grants and contributions management process.
- CED used an online form to put out calls for proposals for the *Community*

Infrastructure Improvement Fund, thus facilitating transactions with its clientele.

A more modern, stimulating, efficient work environment

- CED implemented the vision of *Blueprint 2020*, stemming from the priorities of the Clerk of the Privy Council. All CED employees were consulted to turn the vision of the Public Service into reality. More than 400 ideas were put forward and analysed. Arising from dialogue concerning *Blueprint* 2020, a Destination 2020 action plan was drawn up. Implementation of this plan has already begun, thus enabling CED to help build the Public Service of the future.

1.2.4 Risk Analysis

In 2013–14, CED had identified one external risk—economic risk and institutional capability—and three internal risks—change management, human resources management, and information management. During the year, CED implemented the planned mitigation strategies, and was thus able to manage its risks and achieve the anticipated results.

The following table presents risks, some examples of mitigation strategies implemented, their link to the PAA, and their link to organizational priorities.

Corporate Risks	Risk Response Strategies	Link to PAA	Link to Priorities
External Risk			
Economic Risk and Institutional Capacity Risk that the pursuit of priorities and results expected from CED's economic development programs may be affected (negatively or positively) by the economic context	• Selection of intervention priorities and drafting of policy statements and intervention tools while conducting ongoing watch • Consultation of the other regional development agencies, central agencies and other federal departments on a timely basis • Operational risk policy for grants and contributions management • CED's external communications strategy, aiming to make CED's priorities and intervention known on a timely basis	Strategic Outcome – *Quebec's regions have a growing economy*	#1, #2
Internal Risks			
Management of change in a context of transformation of the Public Service Risk that the planned implementation of	• Ongoing watch of government transformation initiatives carried out with influence on decision-making processes • Active participation on established committees • Review of intervention priorities	Strategic Outcome – *Quebec's regions have a growing economy*	#3

CED's pillars for modernization and change management may be affected	through planning and regular tracking of CED priorities • Communications plan with respect to CED's transformation areas		
Human Resources Management Risk that CED may not have sufficient capacity to attain its results and maintain compliance with all its obligations	• Regular tracking of activities through integrated planning and reallocation of resources on the basis of needs and priorities • Integrated HR plan, including start of implementation of the *Directive on Performance Management* and review of our common operational processes with respect to HR • Action plan in response to the *Public Service Employee Survey* • Plan on values and ethics • Ongoing discussions with labour unions • Internal communications and employee engagement plan • Implementation of the *Blueprint 2020* initiative • Compliance tracking through active monitoring and internal control • Simplification of administrative processes (e.g., integration of risk management for project analysis)	Strategic Outcome – *Quebec's regions have a growing economy*	#1, #2, #3

Information Management Risk that CED may not have reliable, relevant information on a timely basis to support its decision-making, reporting, and transformation needs	• Systematic, consistent documentation of decision-making with respect to grants and contributions • Continued training on financial analysis • Dashboards developed to support decision-making • Staff training, accompaniment and control measures to ensure the reliability of systems information • Information management strategy updated to ensure implementation of electronic document management	Strategic Outcome – *Quebec's regions have a growing economy*	#1, #2, #3

1.3 Actual Expenditures

This section provides an overview of financial and human resources, along with a summary table portraying CED's performance in 2013–14.

Financial Resources[13] for 2013–14[14] (dollars)

Main Estimates	Planned Spending	Total Authorities	Actual Spending	Difference (Actual minus planned)
254,931,372	254,931,372	307,891,696	269,305,817	14,374,445

The difference between total authorities and actual spending is primarily attributable to the awarding of $35 million in additional funding at the end of FY 2013–14 for the *Economic Recovery Initiative for Lac Mégantic*. CED has taken the necessary steps to meet the community's needs over the next few years through these funds.

In 2013–14, the 5.6% difference observed between actual and planned spending is primarily attributable to the deferral of appropriations from the *Community Infrastructure Improvement Fund* during the year.

[13] This chart includes grants and contributions expenditures and operating expenditures.

[14] Main Estimates are tabled in Parliament prior to the start of the fiscal year. Planned spending comprises the Main Estimates as well as additional authorities at the time of publication of the *Report on Plans and Priorities*. Total authorities correspond to total authorities as indicated in the Public Accounts for the year ending March 31, 2014. CED's total actual spending corresponds to actual expenditures as indicated in the Public Accounts.

Human Resources, 2013–14 (Full-time Equivalents – FTE)

Planned Resources	Actual Resources	Difference (Actual minus planned)
314	332	18

In 2013–14, CED had to adapt during the year to meet the challenges and issues of Quebec enterprises and communities. Thus, it adjusted its resource allocation among the programs in its PAA as provided for in the *RPP* in 2013–14, including internal services. The *Strengthening of Community Economies* and *Internal Services* programs were in greater demand in 2013–14 than had been anticipated in the *RPP* for that fiscal year, and this explains the difference between actual and planned resources.

In fact, with respect to the *Strengthening of Community Economies* program, the additional FTEs enabled CED to support 230 new contribution agreements in 2013–14 through the CIIF, and to design and implement the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile* and the *Economic Recovery Initiative for Lac Mégantic*.

On the internal services front, additional FTEs enabled CED to continue and accelerate implementation of its transformation and modernization projects while adjusting for the deployment of such government initiatives as the implementation of common operational processes with respect to human resources and new directives concerning travel or performance management. All additional efforts invested in 2013–14 under this program will help CED meet its commitments in due course.

Furthermore, the distribution of human resources by PAA program and sub-program in the *Report on Plans and Priorities 2013–14* was presented as a guide only. Adjustments in the method for distributing human resources by PAA program and sub-program will be reflected in the *RPP 2015–16*. The method will more closely reflect actual FTE consumption over the past few years.

Table 1 – Budgetary Performance Summary by Strategic Outcome and Programs[15] (dollars)

Strategic Outcome, Programs and Internal Services	Main Estimates 2013–14	Planned Spending			Total Authorities Available for Use 2013–14[16]	Actual Spending (Authorities Used)		
		2013–14	2014–15	2015–16[17]		2013–14	2012–13	2011–12[18]
Strategic Outcome #1: *Quebec's regions have a growing economy*								
Program 1.1: Business Development	152,565,372	152,565,372	146,609,271	131,455,948	153,560,384	147,594,134	130,483,270	N/A
Program 1.2: Regional Economic Development	39,283,744	39,283,744	48,507,929	43,456,821	39,482,396	39,132,388	44,054,296	N/A
Program 1.3: Strengthening of Community Economies	48,271,536	48 271,536	38,816,648	37,444,602	99,103,811[19]	64,286,545	102,808,455	N/A
Subtotal - Strategic Outcome #1	240,120,652	240,120,652	233,933,847	212,357,371	292,146,591	251,013,067	277,346,021	282,911,939
Subtotal - Internal Services	14,810,720	14,810,720	13,906,770	13,985,074	15,745,105	18,292,750	19,083,325	23,008,956
TOTAL	254,931,372	254,931,372	247,840,617	226,342,445	307,891,696	269,305,817	296,429,346	305,920,895

[15] This chart includes grants and contributions expenditures and operating expenditures. Internal services include only operating expenditures.

[16] Main Estimates are tabled in Parliament prior to the start of the fiscal year. Planned spending comprises the Main Estimates as well as additional authorities at the time of publication of the *Report on Plans and Priorities*. Total authorities correspond to total authorities as indicated in the Public Accounts for the year ending March 31, 2014. CED's total actual spending corresponds to actual expenditures as indicated in the Public Accounts.

[17] Contribution repayments by clients are not included in planned spending for 2015–16 and 2016–17 since the authority has not been received at this stage.

[18] Data on actual spending in 2011–12 are not available, because CED has had a new PAA since 2012–13.

[19] This amount includes the $35 million in additional funding for the *Economic Recovery Initiative for Lac Mégantic*. CED has taken steps to spread its spending over the next few years so as to be able to continue to meet the community's needs.

Performance Analysis by PAA Program

For FY 2013–14, CED's total grants and contributions expenditures and operating expenditures stood at $269.3 million. Of that, $225.9 million was invested in G&C in projects aimed at economic development.

a. Performance of PAA programs, excluding Internal Services

Table 1 shows that CED's actual spending for 2013–14, aside from expenditures associated with its internal services, reached $251.0 million, thus accounting for 93.2% of its total actual spending. This broke down among CED's PAA programs as follows:

- 59% for *Business Development*;
- 15% for *Regional Economic Development*;
- 26% for *Strengthening of Community Economies*.

As previously mentioned, CED's programs are flexible so as to adjust continually to the challenges and issues of Quebec's enterprises and different regions. This was reflected in 2013–14 in the implementation of ad-hoc initiatives and an increase in business volume which required resource adjustments. The variance between CED's forecasts and its actual spending among PAA programs is attributable to the nature and type of projects submitted by promoters and reflects local needs with regard to economic development. In fact, the design and implementation of projects supported by CED depends on local and regional enterprises and stakeholders. As a result, there is considerable interdependence between the dynamics of all the agents involved and CED's results.

More specifically, the awarding of supplementary appropriations for delivery in Quebec of the *Community Infrastructure Improvement Fund* and funding of the *Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests* are the main reasons behind the variance observed between CED's actual spending and its forecasts in 2013–14 in the *Strengthening of Community Economies* program.

While CED will continue delivering the *Economic Recovery Initiative for Lac Mégantic*, the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile* and the Canada-wide *Linguistic Duality Initiative (EDI) 2013–2018*, it nevertheless anticipates a decline in its spending over the next two years (2014–15 and 2015–16) owing to the end of funding for such temporary initiatives as the *Community Infrastructure Improvement Fund*, to the tune of $29.3 million.

b. Performance of Internal Services

The actual spending trend with respect to the *Internal Services* program is downward, falling from $23 million in 2011–12 to $18.3 million in 2013–14. This decline is the outcome of the organization's efforts to comply with government deficit reduction policy.

1.4 Alignment of Spending to Whole-of-Government Framework

2013–14 Spending by Whole-of-Government Framework Spending Area[i] (dollars)

Strategic Outcome	Programs	Spending Area	Government of Canada Outcome	Actual Spending
Quebec's regions have a growing economy	1.1 *Business Development*	Economic Affairs	Strong economic growth	147,594,134
	1.2 *Regional Economic Development*	Economic Affairs	Strong economic growth	39,132,388
	1.3 *Strengthening of Community Economies*	Economic Affairs	Strong economic growth	64,286,545
	1.4 *Internal Services*	Economic Affairs	Strong economic growth	18,292,750

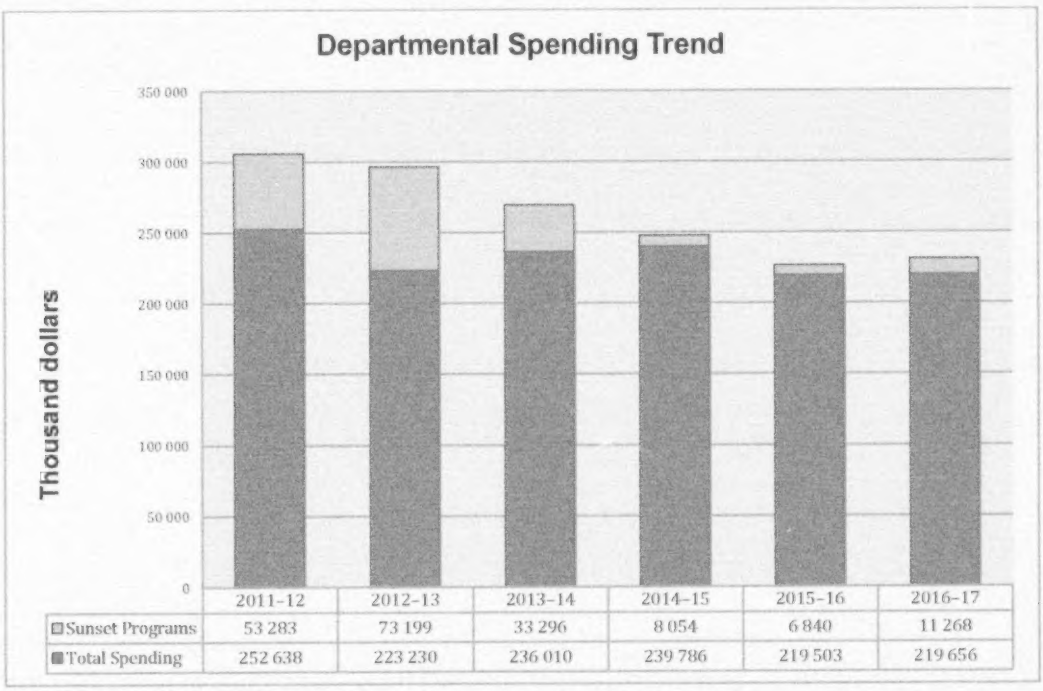
Total Spending 2013–14 by Spending Area (dollars)

Spending Area	Total Planned Spending
Economic Affairs	254,931,372
Social Affairs	—
International Affairs	—
Government Affairs	—

1.5 Departmental Spending Trend

The figure below shows CED's actual and planned spending trend. The solid bar corresponds to grants and contributions (G&C) expenditures and operating expenditures under its programs,[20] while the greyed-out bar indicates those associated with sunset programs.[21]

Figure 1: Actual Spending[22] and Planned Spending[23] Trend, April 1, 2011 to March 31, 2017[24]



	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Sunset Programs	53 283	73 199	33 296	8 054	6 840	11 268
Total Spending	252 638	223 230	236 010	239 786	219 503	219 656

First of all, the figure above shows a 12% drop in CED's spending between 2011–12 and 2013–14, from $305.9 million to $269.3 million. Since Canada was hit by the global economic slowdown, the federal government had launched *Canada's Economic Action Plan* (CEAP) to stimulate the country's economy. CED had been called upon to contribute through the *Community Adjustment Fund* (CAF) and the *Recreational Infrastructure*

[20] CED's programs are the *Quebec Economic Development Program* (QEDP) and the *Community Futures Program* (CFP).

[21] CED's sunset programs between April 1, 2011 and March 31, 2017 are, for example: *Temporary Initiative for the Strengthening of Quebec's Forest Economies, Community Infrastructure Improvement Fund, Initiative for International Cruise Development, Community Adjustment Fund, Recreational Infrastructure Canada Program, Economic Recovery Initiative for Lac Mégantic, Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile* and the *Roadmap for Canada's Linguistic Duality* initiative. Since the latter has become permanent, an adjustment will be made in the DPR 2014–15 so that it is no longer listed as a sunset program.

[22] Actual spending covers the period from 2011–12 to 2013–14.

[23] Planned spending covers the period from 2014–15 to 2016–17.

[24] Since figures are rounded, they may not add up to the total indicated.

Canada (RInC) program, and this had a significant impact on its budget and planned spending.

CED's total planned spending was down in 2014–15, to $247.8 million. The decline in sunset program budgets is attributable to the end of the *Community Infrastructure Improvement Fund* program. But CED will be continuing delivery in 2014–15 of the two ad-hoc initiatives in Quebec, namely, the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile* (2013–2020) and the *Economic Recovery Initiative for Lac Mégantic.*[25] CED will also continue delivering the Canada-wide *Linguistic Duality Economic Development Initiative* (2013–2018).

In CED's programs, the slight rise of $3.8 million in planned spending between 2013–14 ($236 million) and 2014–15 ($240 million) is primarily attributable to the increased reinvestment of revenues from clients' repayment of contributions. The same adjustment is not included in planned spending for 2015–16 and 2016–17, since the authority has not been obtained at this stage.[26]

For 2016–17, a supplementary budget of $4.5 million is planned for the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*. This explains the variance observed between 2015–16 and 2016–17 for the sunset program budget.

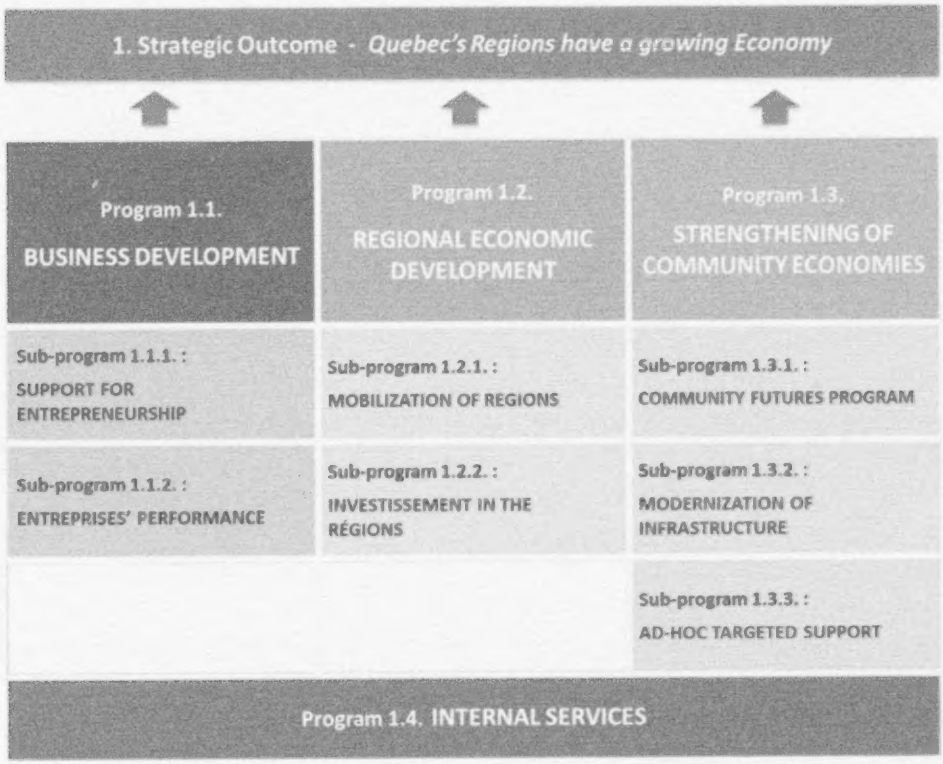
1.6 Estimates by Vote

For information on CED's voted appropriations and/or statutory expenditures, please visit the *Public Accounts of Canada 2014* on the Public Works and Government Services Canada (PWGSC) website.[ii]

[25] Under the *Economic Recovery Initiative for Lac Mégantic*, CED will continue to meet the community's needs. It has thus taken the necessary steps to spread its spending over the next six years.
[26] See the Total Spending line in Figure 1 – Section 1.5.

SECTION II: Analysis of Programs by Strategic Outcome

This section provides information on CED's results for 2013–14 in relation to planned outcomes, on the basis of the programs and sub-programs in its PAA.[iii]



2.1 Strategic Outcome (SO): Quebec's regions have a growing economy

Overall Performance

CED Overall Results	Performance 2013–14		
Total number of projects supported[27] Total number of projects approved[28] Total actual spending Leverage effect[29]	1,150 projects supported 646 projects approved $225.9 million $2.62 for every dollar invested by CED		
Performance Indicators	**Targets**	**Actual Results**[30]	**Attainment date**
Number of Quebec administrative regions having increased their gross domestic product	17	N/A	April 1, 2017
Percentage of Quebec RCMs[31] and equivalent territories having improved their economic performance[32]	65%	N/A	April 1, 2017

[27] The total number of projects supported corresponds to projects for which expenditures were made by CED during a given period. The above result excludes projects associated with the *Modernization of infrastructure* sub-program.

[28] The total number of projects approved corresponds to projects newly approved by CED during a given period. The above result excludes projects associated with the *Modernization of infrastructure* sub-program.

[29] The leverage effect compares financial assistance approved by CED with funding from promoters and other sources. The above result excludes funding associated with the *Modernization of infrastructure* sub-program.

[30] Not applicable. In line with CED's *Performance Measurement Framework* (PMF), performance indicators concerning the organization's strategic outcome are monitored and measured every five years. These data will be available on April 1, 2017.

[31] By "communities," CED means Quebec's 104 regional county municipalities (RCMs) and equivalent territories (ETs).

[32] Indicator measured by the progression of the economic variables in CED's Economic Development Index (e.g., participation rate, level of entrepreneurship and exporting establishments, value of building permits, productivity, etc.).

Performance Analysis

For FY 2013–14, CED's overall performance was positive. In fact, it contributed to the economic prosperity and growth of Quebec's regions.

CED makes a difference in the regions of Quebec through its action

- Between April 1, 2013 and March 31, 2014, CED invested $225.9 million directly in enterprises or through non-profit organizations (NPOs), for the implementation of 1,150 projects. It approved 646 new projects in 2013–14.
- More than 7,391 enterprises in all regions of Quebec in 2013–14 received support directly from CED or through an NPO assisted by CED.
- Each dollar spent by CED in 2013–14 generated $2.62 in investment in the regions, more than its leverage effect posted in 2012–13 ($2.34).
- According to Statistics Canada (2013),[iv] through CED's financial support, its clients recorded sales, employment level and productivity growth equal to or higher than a control group of non-clients, as well as a higher survival rate.

CED fosters the advancement of Canada-wide economic development priorities and strategies in Quebec

- As of March 31, 2014, CED completed delivery in Quebec of the *Community Infrastructure Improvement Fund* (CIIF), a nationwide grants and contributions (G&C) program stemming from *Canada's Economic Action Plan* (CEAP) of 2012. CED's assistance led to the implementation of 302 projects, generating economic spinoffs and improving the quality of life in communities across Quebec. Totalling $29.8 million, the assistance provided by the CIIF was used to upgrade and enhance existing community infrastructure of local scope, thus benefiting communities and local enterprises.
- CED implemented two new initiatives which enabled it to provide targeted, ad-hoc support for particularly vulnerable communities: the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*, and the *Economic Recovery Initiative for Lac Mégantic*.
- CED also fostered the growth of official language minority communities in Quebec by paying them $1.4 million within the framework of six EDI projects.
- CED promoted Quebec enterprises' capabilities with a view to maximizing in Quebec the spinoffs generated by the Government of Canada's major procurement

projects, in particular projects associated with marine, air and land transportation equipment.[33]

CED is transforming itself and modernizing its procedures to serve its clients more effectively

- In FY 2013–14, CED achieved a 94% customer satisfaction level with regard to its program delivery.[34]
- In line with the *Policy on Transfer Payments*[v] and to enhance delivery of its G&C programs, CED reviewed and lightened the load with respect to risk-based tracking and reports. It systematically integrated risk management throughout the project life cycle. This transformation is in line with Chapter 2 of the *Report of the Auditor General of Canada* (2012) concerning the reform of G&C programs,[vi] which recommends simplifying grants and contributions programs and cutting red tape for recipients.

[33] This involves CED's efforts in connection with the Industrial and Technological Benefits (ITB) Policy. For further information on the Policy, please consult: www.dec-ced.gc.ca/eng/agency/itb/index.html.
[34] CED, *Annual Customer Satisfaction Survey*, Montreal (2013).

2.2 Program 1.1 – *Business Development*

Strategic Outcome 1	Program 1.1	Sub-program 1.1.1
QUEBEC'S REGIONS HAVE A GROWING ECONOMY	BUSINESS DEVELOPMENT	SUPPORT FOR ENTREPRENEURSHIP
		Sub-program 1.1.2
		ENTREPRISES' PERFORMANCE

Description

The *Business Development* program supports enterprises throughout their life cycle so as to sustain Quebec's economic growth. Enterprises, SMEs in particular, are an engine of economic development. They are recognized as generating a significant share of economic activity and creating employment in communities.

CED contributes to renewal of the pool of enterprises in Quebec by supporting the emergence of new SMEs and business succession. It also works to increase the competitiveness of existing enterprises and support their survival by enhancing their performance. It does so by encouraging them to modernize, expand, launch or extend their export activities, reinforce their innovation capability, commercialize, and establish partnerships.

CED acts with regard to *Business Development* through its G&C program, the *Quebec Economic Development Program* (QEDP). It intervenes primarily with respect to enterprises and non-profit organizations (NPOs) providing support for enterprises or entrepreneurs

Program Financial Resources,[35] 2013–14 (dollars)

Main Estimates	Planned Spending	Authorities	Actual Spending	Difference (Actual minus planned)
152,565,372	152,565,372	153,560,384	147,594,134	(4,971,238)

[35] This chart includes grants and contributions expenditures and operating expenditures.

Program Human Resources,[36] 2013–14 (Full-time Equivalents – FTEs)

Planned	Actual	Difference (Actual minus planned)
147	130	(17)

Program Performance Results, 2013–14

Program 1.1: Business Development			
Overall Results	**Performance**		
Number of projects supported[37] Actual spending Share of CED's actual spending	652 projects $129.7 million 57.4%[38]		
Final Results Expected[39] (measurable after three years)	**Performance Indicators**	**Targets (March 31, 2015)**	**Results (2013–14)[40]**
The pool of enterprises in Quebec is renewed	Survival rate after three years of enterprises receiving startup support	55%	86%
	Survival rate after three years of enterprises receiving transfer support	60%	N/A[41]
Quebec enterprises are competitive	Survival rate after three years of enterprises receiving development support	75%	97%

[36] The breakdown of human resources by PAA program is estimated, and is presented as a guide only. The total number of planned FTEs is based on the available payroll and average salary for CED employees. FTEs are broken down in the PAA according to employee hours worked, by program.

As to human resources, CED's actual consumption in 2013–14 was similar to 2012–13. This trend will be borne in mind in forecasting spending and consumption of FTEs.

[37] The total number of projects supported corresponds to projects for which expenditures were made by CED during a given period.

[38] This percentage excludes operating expenditures.

[39] See supplementary tables: *Appendix 1 – Technical Notes on Performance Data*.

[40] The results target for this indicator was set at March 31, 2015. Pending measurement of results as of that date, CED presents the results for projects that were completed in 2010–11 for which no project end date was observed three years later, i.e., in 2013–14. The results are therefore annual.

[41] No direct assistance was awarded for business succession and transfer projects, but CED supported enterprises in succession and transfer mode through its *Enterprises' performance* sub-program.

Performance Analysis and lessons Learned

In 2013–14, CED contributed under the *Business Development* program to renewing the pool of enterprises and enhancing the competitiveness of existing enterprises.

- CED invested $129.7 million to support the implementation of 652 projects to foster enterprises' growth.
- 86% of enterprises receiving startup support were still in operation three years after the termination of the funding awarded.
- 97% of enterprises assisted in their development efforts were still in operation three years after the termination of the funding awarded.

In Quebec and Canada, a little less than two thirds of enterprises survive two years after their creation, and about one third reach the fifth year. Once Year 5 is past, the survival rate is higher, and tends to level off. The survival rate is lower among enterprises receiving startup support from CED than among those receiving development support.

Moreover, enterprises supported by CED generally post a higher survival rate than other enterprises. On the one hand, the assistance awarded supports their survival by enhancing their performance, while on the other hand, those enterprises' ability to complete their projects is verified before CED provides its support.

In this regard, Statistics Canada concluded in a study carried out in 2013[42] that enterprises having received support from CED averaged a higher survival rate (85.3%) than a control group consisting of non-clients (77.5%) after five years of operation.

[42] Statistics Canada (2013), *Economic Impact Study – 2001 to 2010*.

2.2.1 Sub-program 1.1.1 – *Support for entrepreneurship*

Description

The *Support for entrepreneurship* subprogram is aimed at increasing the pool of enterprises in Quebec. Entrepreneurial dynamism is lower in Quebec than in the rest of Canada,[43] and is expected to deteriorate in the years to come.[44] CED hopes to boost entrepreneurial dynamism throughout Quebec. It does so on the one hand by encouraging business pre-startups and startups, and on the other hand by supporting the survival of existing enterprises through succession planning and enterprise transfers.

CED acts in the *Support for entrepreneurship* sub-program through its grants and contributions (G&C) program, the QEDP. Its intervention takes place in relation to enterprises and NPOs that support enterprises or entrepreneurs, such as entrepreneurship centres, incubators, and transfer and spinoff organizations.

Sub-program Financial Resources,[45] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[46]	21,033,150	N/A

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	19	N/A

[43] Fondation de l'entrepreneurship (2014), *Indice entrepreneurial québécois : Qu'est-ce qui motive nos jeunes à faire le grand saut?* (*Quebec's entrepreneurial index: What motivates our young people to take the plunge?*) blogue.entrepreneurship.qc.ca/index.php/actualites_fondation/indice-entrepreneurial-quebecois-2014-quest-ce-qui-motive-nos-jeunes-a-faire-le-grand-saut.

[44] MDEIE (2010), *Le renouvellement de l'entrepreneuriat au Québec : un regard sur 2013 et 2018* (*Renewal of entrepreneurship in Quebec: A look at 2013 and 2018*), www.mdeie.gouv.qc.ca/fileadmin/contenu/documents_soutien/apropos/strategies/entrepreneurial/renouvellement_entrepreneuriat.pdf

[45] This chart includes grants and contributions expenditures and operating expenditures.

[46] CED's *Report on Plans and Priorities* for 2013–14 did not report at the sub-program level. Information in that regard will be available in CED's 2014–15 *Departmental Performance Report*.

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Actual Results (2013–14)
Sub-program 1.1.1: *Support for entrepreneurship*			
Enterprises are started up or transferred	Number of enterprises started up	125	125
	Number of enterprises transferred	5	N/A[47]

Performance Analysis and Lessons Learned

The entrepreneurial deficit is a major issue in Quebec. It has an impact on enterprises' startup and succession. The literature review in the *Summative Evaluation of the Business Startup and Succession Fund and the Business Support Fund*[47] carried out in 2013–14 revealed that the closure rate among entrepreneurs is high, and the main barrier to startups for potential entrepreneurs is lack of funding.

For FY 2013–14, CED contributed to the startup of 125 new enterprises in Quebec, thus attaining its target. As to the number of enterprises transferred, CED's support is seen indirectly in the *Enterprises' performance* sub-program.

CED considers that it fostered renewal of the pool of enterprises in Quebec during 2013–14. It supported the implementation of 116 projects to stimulate the creation of enterprises or the transfer of existing enterprises. In 2013–14, CED's financial assistance in entrepreneurship amounted to $18.3 million.

[47] No direct assistance was awarded for business succession and transfer projects, but CED supported enterprises in succession and transfer mode through its *Enterprises' performance* sub-program.

2.2.2 Sub-program 1.1.2 – *Enterprises' performance*

Description

The goal of the *Enterprises' performance* sub-program is to increase Quebec enterprises' performance and competitiveness. The productivity of the Quebec economy is lower than the average for the Rest of Canada,[48] and productivity gains will be realized among other things through investment carried out by Quebec enterprises.

In fact, in the context of slow economic growth and growing global competition, Quebec enterprises wishing to develop or ensure their survival have to innovate and convert their ideas into business opportunities, enhance their productivity and penetrate new markets.

CED accompanies enterprises from the different regions of Quebec to help them meet these challenges. It does so by encouraging them to invest to optimize their production and increase their efforts with respect to innovation, technology transfer, commercialization and exports. CED also supports the structuring of business networks in which enterprises operate.

CED acts on *Enterprises' performance* through its grants and contributions (G&C) program, the QEDP. Its intervention in this sub-program is aimed at enterprises and NPOs that support enterprises or entrepreneurs, such as regional export promotion organizations (ORPEXs) and college centres for technology transfer (CCTTs). CED also funds Canada Business Network (CBN) activities.

Sub-program Financial Resources,[49] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[50]	126,560,985	N/A

[48] CIRANO, *Productivité et travail* (*Productivity and labour*): qe.cirano.qc.ca/theme/activite_economique/productivite_et_travail.

[49] This chart includes grants and contributions expenditures and operating expenditures.

[50] CED's *Report on Plans and Priorities* for 2013–14 did not report at the sub-program level. Information in that regard will be available in CED's 2014–15 *Departmental Performance Report*.

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	111	N/A

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Actual Results (2013–14)
Sub-program 1.1.2: *Enterprises' performance*			
Enterprises improve their performance	Percentage of enterprises supported having maintained or increased their sales or self-generated revenue[31]	65%	67%

Performance Analysis and Lessons Learned

CED's performance in 2013–14 in the *Enterprises' performance* sub-program fulfilled expectations. Despite the challenges it had to face, Canada's economy bounced back, posting a recovery. In that context, Quebec enterprises took advantage of low interest rates to expand their facilities, optimize their production chains, or even develop new products, services and processes. Thus, during 2013–14, CED supported 536 projects, to the tune of $111.4 million, to sustain the prosperity and competitiveness of Quebec enterprises.

As already mentioned, CED intervenes directly with enterprises, and also reaches them through NPOs. Through its action, CED contributed in 2013–14 to the development of more than 4,520 enterprises. Of that number:

- 540 enterprises received direct or indirect support in their productivity and expansion projects;
- 820 enterprises received direct or indirect support in innovation and technology transfer;
- 2,817 enterprises received direct or indirect support in exports and commercialization; and
- 343 enterprises received direct or indirect support in structuring of networks.

[31] With a view to improving the quality and reliability of performance data, the indicators on sales and self-generated revenue have been merged. CED made this correction in its *Performance Management Framework 2014–15*.

CED continued its support for the Canada Business Network (CBN) service centres in Quebec (*Info entrepreneurs* in Montreal, and *Ressources entreprises* in Quebec City). These provide information and referral services to guide entrepreneurs toward specialized resources. In 2013–14, these two centres responded to 23,380 information requests. CED's financial support through its operating budget represents $1.9 million in total investment.

Also, 67% of the enterprises receiving support from CED in their projects to improve their performance saw their sales or self-generated revenue increase. More specifically, this proportion is even higher (71%) for enterprises which carried out productivity and expansion projects. The proportion is 50% for enterprises that carried out innovation and technology transfer projects, and 68% for enterprises having carried out commercialization and exports projects.

Furthermore, the study conducted in 2013 by Statistics Canada[52] on the net impact of CED's intervention in relation to enterprises confirms that assistance from CED increases enterprises' chances of success. Enterprises receiving support from CED generally perform more strongly than the control group, in terms both of sales and of productivity and employment.

[52] Statistics Canada (2013), *Economic Impact Study – 2001 to 2010*.

2.3 Program 1.2 – *Regional Economic Development*

Strategic Outcome 1	Program 1.2	Sub-program 1.2.1
QUEBEC'S REGIONS HAVE A GROWING ECONOMY	REGIONAL ECONOMIC DEVELOPMENT	MOBILIZATION OF THE REGIONS
		Sub-program 1.2.2
		INVESTISSEMENT IN THE REGIONS

Description

The *Regional Economic Development* program is intended to strengthen the regions' economic base so as to sustain the growth of Quebec's economy. Quebec's regions are set apart, among other things, by their industrial structure, and some are more sensitive to economic fluctuations. Quebec's prosperity depends on the participation of the different regions in the economy, to their full potential.

CED wishes to contribute to building strong, competitive regions. It does so by supporting local communities as they take charge of their economic development, and by stimulating investment in all Quebec regions. CED acts on *Regional Economic Development* through its grants and contributions (G&C) program, the *Quebec Economic Development Program* (QEDP). It intervenes primarily through non-profit organizations (NPOs) active in economic development.

Program Financial Resources,[53] 2013–14 (dollars)

Main Estimates	Planned Spending	Total Authorities Available for Use	Actual Spending	Difference (Actual minus planned)
39,283,744	39,283,744	39,482,396	39,132,388	(151,356)

Program Human Resources,[54] 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
38	12	(26)

[53] This chart includes grants and contributions expenditures and operating expenditures.

[54] The breakdown of human resources by PAA program is estimated, and is presented as a guide only. The total number of planned FTEs is based on the available payroll and average salary for CED employees. FTEs are broken down in the PAA according to employee hours worked, by program.

As to human resources, CED's actual consumption in 2013–14 was similar to 2012–13. This trend will be borne in mind in forecasting spending and consumption of FTEs.

Program Performance Results, 2013–14

Program 1.2: Regional Economic Development			
Overall Results	**Performance**		
Number of projects supported Actual spending Share of CED's actual spending	113 projects $36.2 million 16%		
Final Results Expected (measurable after three years)	**Performance Indicators**	**Targets (March 31, 2015)**	**Results (2013–14)**
Quebec regions have a stronger economic base	Amount of total investment generated in regions supported that have completed implementation of their development project[55]	$90M	$62M[56]
	Amount of spending by tourists from outside Quebec attracted to the regions supported	$9B	$6.7B[57]
	Amount of direct foreign investment maintained in or attracted to the regions supported	$1.8B	$2.5B[58]

[55] See supplementary tables: *Appendix 1 – Technical Notes on Performance Data*.

[56] The cumulative result for the target is $62 million. For FY 2013–14, the result attained was $52.4 million.

[57] The cumulative result for the target is $6.7 million. For FY 2013–14, the most recent data provided by *Tourisme Québec* reveal that tourists from outside Quebec attracted to the regions supported spent $3.4 billion in 2012.

[58] The cumulative result for the target is $2.5 billion. For FY 2013–14, the result attained was $1.65 billion.

Performance Analysis and Lessons Learned

The performance obtained in 2013–14 under the *Regional Economic Development* program indicates that CED is on track to attain its targets.

During 2013–14, CED invested $36.2 million in 113 projects to strengthen the economic base of Quebec's regions.

Throughout the year, CED contributed to creating new opportunities in Quebec regions by building on their respective assets. In 2013–14, CED and its project-partner fund providers generated $52.4 million in investment in the regions by encouraging local communities to carry out their development projects. Since April 1, 2012, projects receiving support from CED have generated some $62 million in investment.

CED also contributed to attracting tourists to the different regions of Quebec from other provinces and outside Canada. The most recent data provided by *Tourisme Québec* show that those tourists spent $3.4 billion in Quebec regions in 2012, up slightly from 2011 ($3.3 billion).[59] CED appears to be on track to attain its cumulative target of $9 billion as of March 31, 2015.

CED fostered the attraction of investment from foreign firms and international agencies. It contributed to attracting $1.65 billion in investment in 2013. This performance is attributable to the establishment and expansion in Greater Montreal of several subsidiaries of foreign corporations. This foreign direct investment was primarily concentrated in the aerospace, life sciences, health technology, and information technology and communications industries.[60] Since 2011–12, CED has contributed to attracting $2.5 billion in investment, thus surpassing its target for March 31, 2015.

[59] Tourisme Québec (2013), *Le tourisme au Québec en bref – 2012 (Tourism in Quebec in brief – 2012)* www.tourisme.gouv.qc.ca/publications/publication/tourisme-quebec-bref-2012-286.html?categorie=53.

[60] Montreal International (2013), *2013 Activity Report* www.montrealinternational.com/en and Quebec International (2013), *Annual Report 2013* www.quebecinternational.ca/media/2027400/annualreport_qcint2013-sv.pdf.

2.3.1 Sub-program 1.2.1 – *Mobilization of regions*

Description

The *Mobilization of regions* sub-program is aimed at supporting local communities as they take charge of their development so as to strengthen the economic base of Quebec's regions. Local accountability with regard to local economic development and the synergy with which stakeholders interact are success factors in eliciting the establishment of growth-generating projects.

CED sustains the growth and diversification of Quebec communities by supporting mobilization and joint action by the various stakeholders, planning of their economic development, solicitation, pursuit of funding, and implementation of structuring, recovery or diversification initiatives.

CED acts on the *Mobilization of regions* through its grants and contributions (G&C) program, the QEDP. It intervenes primarily through NPOs with an economic role, such as Community Economic Development Corporations (CEDCs).

Sub-program Financial Resources,[61] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[62]	4,734,000	N/A

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	6	N/A

[61] This chart includes grants and contributions expenditures and operating expenditures.

[62] CED's *Report on Plans and Priorities* for 2013–14 did not report at the sub-program level. Information in that regard will be available in CED's 2014–15 *Departmental Performance Report*.

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Results (2013–14)
Sub-program 1.2.1: Mobilization of regions			
Communities take charge of their economic development	Percentage of communities supported which implement mobilization projects[63]	10%[64]	33%

Performance Analysis and Lessons Learned
In 2013–14, CED awarded $3.2 million in the context of 26 funded projects under the *Mobilization of regions* sub-program. Under the *Mobilization of regions* sub-program, CED supported the implementation of recovery and diversification plans and of projects stemming from those plans. Thus, of the 15 communities receiving financial support from CED in 2013–14 for projects aimed at their mobilization and development, five implemented projects arising from planning, i.e., 33% of the communities supported.

[63] See supplementary tables: *Appendix 1 – Technical Notes on Performance Data*.

[64] The methodology for calculating the 10% target in the *RPP 2013–14* was adjusted in the *RPP 2014–15* for more accurate measurement.

2.3.2 Sub-program 1.2.2 – *Investment in the regions*

Description

The *Investment in the regions* sub-program is aimed at increasing investment in the different regions of Quebec so as to strengthen their economic activity base. Quebec's regions are faced with global competition, and have to stand out in order to attract the investment need to maximize their economic growth.[65]

Quebec has assets to be promoted, such as access to the North American market, a diversified economy, niches of excellence, skilled workers, an enviable quality of life, abundant resources, a differentiated tourism offering, and more besides.

CED supports regions in their efforts to acquire the equipment necessary to harness their assets in order to stimulate business and generate economic spinoffs. It also does so by enhancing promotion of regional assets with a view to increasing tourist spending and the attraction of foreign direct investment (FDI) through foreign corporations and international organizations.

CED intervenes in the *Investment in the regions* sub-program through its grants and contributions (G&C) program, the QEDP. In this regard, it focusses on NPOs, such as regional and sectoral tourism associations, organizations dedicated to attracting FDI and festivals.

Sub-program Financial Resources,[66] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[67]	34,397,989	N/A

[65] Centre sur la productivité et la prospérité (2010), *Ouverture aux investissements directs étrangers et productivité au Canada (Openness to direct foreign investment and productivity in Canada)*, Montreal, HEC Montréal.

[66] This chart includes grants and contributions expenditures and operating expenditures.

[67] CED's *Report on Plans and Priorities* for 2013–14 did not report at the sub-program level. Information in that regard will be available in CED's 2014–15 *Departmental Performance Report*.

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	6	N/A

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Results (2013–14)
Sub-program 1.2.2: *Investment in the regions*			
Quebec regions attract investment	Percentage of communities supported which implement economic community facility projects	75%	100%
	Number of tourists from outside Quebec attracted to the regions	5.4M	6.6M
	Number of international organizations and foreign firms maintained in, or attracted to, the regions supported	30	48

Performance Analysis and Lessons Learned

In 2013–14, performance in the *Investment in the regions* sub-program exceeded expectations. CED contributed to the competitive positioning efforts of the different regions of Quebec, to help them become more attractive and open to the world. It funded 87 projects, to the tune of $32.9 million, in 2013–14 to stimulate different forms of investment in Quebec.

In this sub-program, CED supports, in particular, the planning and implementation of community economic facility projects. Thus, the five communities which received financial support from CED in 2013–14 for community economic facility projects carried out projects stemming from planning. That represents 100% of the communities supported.

CED also fostered the international outreach of Quebec's regional and sectoral economic assets. It supported the commercialization of destinations or major events, such as festivals, to increase the number of tourists visiting and generate economic spinoffs within communities. According to the latest data from *Tourisme Québec*, an average of some 6.6 million tourists a year from outside Quebec visited the province's different regions.[68]

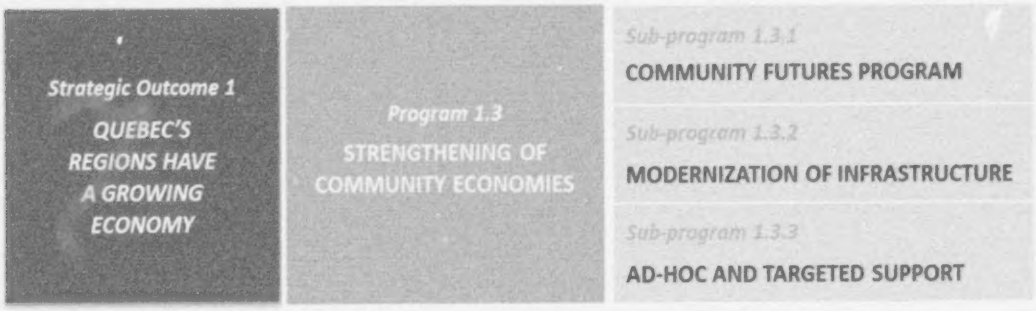
Finally, the attraction of new investment, particularly direct foreign investment, remains a priority for the Government of Canada.[69] CED contributed to maintaining in or attracting to Quebec 48 foreign firms and international organizations in 2013–14.[70]

[68] Tourisme Québec (2013), *Le tourisme au Québec en bref (Tourism in Quebec in brief)* www.tourisme.gouv.qc.ca/publications/publication/tourisme-quebec-bref-2012-286.html?categorie=53.

[69] Government of Canada, *Budget 2013*: www.budget.gc.ca/2013/home-accueil-eng.html.

[70] Montreal International (2013), *2013 Activity Report* and Quebec International (2013), *Annual Report 2013*.

2.4 Program 1.3 – *Strengthening of Community Economies*



Description

CED designs, administers and implements Canada-wide programs or targeted ad-hoc initiatives. The goal of all these programs and initiatives is *Strengthening of Community Economies* in order to increase Quebec's economic growth.

CED thus supports communities' economic development and ensures sound, effective management of programs devoted to infrastructure for Quebec. It also supports economic activity in Quebec communities sustaining economic shocks, experiencing significant development challenges or grasping long-term business opportunities.

CED can act on *Strengthening of Community Economies* through dedicated temporary additional funding from the Government of Canada or specific funds allocated, intervening via its regular G&C program, the *Quebec Economic Development Program* (QEDP).

CED can also contribute through a permanent budgetary envelope dedicated to the *Community Futures Program* (CFP), where it intervenes via Community Futures Development Corporations (CFDCs) and Business Development Centres (BDCs).

Program Financial Resources,[71] 2013–14 (dollars)

Main Estimates	Planned Spending	Authorities	Actual Spending	Difference (Actual minus planned)
48,271,536	48,271,536	99,103,811[72]	64,286,545	16,015,009

Program Human Resources[73] (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
30	52	22

Program Performance Results, 2013–14

Program 1.3: Strengthening of Community Economies	
Overall Results	**Performance**
Number of projects supported[74] Number of Canada-wide programs and ad-hoc initiatives implemented[75] Actual spending Share of CED`s actual spending	385 projects 8 $60 million 26.6%

[71] This chart includes grants and contributions expenditures and operating expenditures.

[72] This amount includes the $35 million in additional funding for the *Economic Recovery Initiative for Lac Mégantic*. CED has taken steps to spread its spending over the next few years so as to be able to continue to meet the community's needs.

[73] The breakdown of human resources by PAA program is estimated, and is presented as a guide only. The total number of planned FTEs is based on the available payroll and average salary for CED employees. FTEs are broken down in the PAA according to employee hours worked, by program.

As to human resources, CED's actual consumption in 2013–14 was similar to 2012–13. This trend will be borne in mind in forecasting spending and consumption of FTEs.

[74] The above result excludes projects associated with the *Modernization of infrastructure* sub-program.

[75] The eight Canada-wide programs and ad-hoc initiatives implemented by CED are: *Community Futures Program* (CFP), *Building Canada Fund–Quebec* (BCF), *Municipal Rural Infrastructure Fund* (MRIF), *Community Infrastructure Improvement Fund* (CIIF), *Roadmap for Canada's Linguistic Duality Economic Development Initiative* (EDI), *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*, *Economic Recovery Initiative for Lac Mégantic*, and *Canada-Quebec Agreements to Support Sustainable Management of Quebec Forests*.

Expected Final Results (measurable after 3 years)	Performance Indicators	Targets	Results (2013–14)
Quebec communities have stronger economies	Value of total investment generated in communities		
	Community Futures Program (Target: 2014–15)	$744M	$481.9M[76]
	Building Canada Fund and *Municipal Rural Infrastructure Fund*[77]	N/A	N/A
	Community Infrastructure Improvement Fund[78] (Target: 2013–14)	$60M	$66.9M[79]

Performance Analysis and Lessons Learned

On the strength of the performance obtained in 2013–14 under the *Strengthening of Community Economies* program, CED considers that it is on track to attain its results targets as of March 31, 2015. In all, CED designed two new initiatives[80] in 2013–14, implemented a Canada-wide initiative,[81] administered two funds for Infrastructure Canada, and continued delivering two other temporary G&C initiatives in Quebec communities.

CED's intervention to strengthen community economies during 2013–14 generated investment totalling $301.9 million.[82] The *Community Infrastructure Improvement Fund* ad-hoc initiative ended March 31, 2014, and met expectations with regard to the target.

Through the renewal of the Canada-wide EDI, CED contributed to stimulating the

[76] The cumulative result for the target is $481.9 million. For FY 2013–14, the result attained was $255.2 million.

[77] For these two programs, Infrastructure Canada reports directly to Parliament. For further details on results, see Infrastructure Canada's *Departmental Performance Report*.

[78] This initiative terminated on March 31, 2014.

[79] The cumulative result for the end of this initiative was $66.9 million. For FY 2013–14, the result attained was $43.2 million. The total value of investment generated in communities corresponds to the total cost of projects completed in 2013–14 (actual project end date).

[80] The two new ad-hoc initiatives developed and delivered by CED in 2013–14 in Quebec were the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile* and the *Economic Recovery Initiative for Lac Mégantic*. Also, the *Montreal Planetarium* project, which was to end in 2013–14, actually ended in 2012–13 for a final amount of $48 million.

[81] Renewed Canada-wide initiative: *Roadmap for Canada's Linguistic Duality Economic Development Initiative (EDI) 2013–2018*.

[82] The above result excludes projects associated with the *Modernization of infrastructure* sub-program.

economic development of official language minority communities (OLMCs) in Quebec. This financial assistance is in line with the efforts invested under the *Roadmap for Canada's Linguistic Duality 2008-2013* and continues to reflect the commitments that stem from Part VII of the *Official Languages Act*.

Under the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile*, CED helped support the economic transition of communities in the Des Appalaches et Des Sources regional county municipalities (RCMs) that are dependent on the chrysotile asbestos industry toward the secondary and tertiary sectors.

Under the *Economic Recovery Initiative for Lac Mégantic*, CED fosters that community's economic and commercial recovery by deploying a dedicated team in the field to accompany local stakeholders in their economic development efforts.

2.4.1 Sub-program 1.3.1 – *Community Futures Program (CFP)*

Description

The *Community Futures Program* (CFP) sub-program is aimed at assisting local economic development in rural areas in order to strengthen the economies of Quebec communities. This sub-program is backed by the Canada-wide G&C program of the same name.

The CFP supports rural communities in their efforts to adjust continually to the economic situation. The rural communities' economic performance is weaker than the Quebec average.[83] By means of this sub-program, CED encourages Quebec rural communities' planning and socio-economic development, access to capital, availability of consulting services and support for local projects.

CED delivers the CFP in Quebec through Community Futures Development Corporations (CFDCs) and Business Development Centres (BDCs), by means of contribution agreements.

Sub-program Financial Resources,[84] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[85]	29,421,135	N/A

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	12	N/A

[83] CED (2009), *Evaluation of the Community Futures Program in Quebec – Final Report* www.dec-ced.gc.ca/eng/publications/agency/evaluation/155/index.html.

[84] This chart includes grants and contributions expenditures and operating expenditures.

[85] CED's *Report on Plans and Priorities* for 2013–14 did not report at the sub-program level. Information in that regard will be available in CED's *Departmental Performance Report* for 2014–15.

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Results (2013–14)
Sub-program 1.3.1: *Community Futures Program* (CFP)			
Communities are economically sustainable	Number of economic development initiatives implemented in communities following support from CFDCs	315	549
	Percentage of entrepreneurs undertaking pre-startup, startup or acquisition of an enterprise with support from CFDCs and BDCs	60%	66%
	Percentage of enterprises carrying out recovery, expansion or modernization projects with support from CFDCs and BDCs	75%	78%

Performance Analysis and Lessons Learned

The performance obtained in the *Community Futures Program* sub-program met expectations in 2013–14. CED provided financial support to 56 CFDCs located in designated rural regions, as well as 10 BDCs in disadvantaged peri-urban areas. During FY 2013–14, CED paid some $28.5 million to those organizations under 71 contribution agreements.

Through CFDCs, CED achieved its results targets as of March 31, 2014. CFDCs implemented 549 economic development initiatives in communities, or more than the goal of 315 initiatives established on the basis of the 2011–12 (342 initiatives) and 2012–13 (290 initiatives) results. With the assistance of CFDCs and BDCs, 66% of the entrepreneurs supported carried out the pre-startup, startup or acquisition of an enterprise, while 78% of enterprises carried out their recovery, expansion or modernization projects.

The *Summative Evaluation of the Business Startup and Succession Fund and the Business Support Fund*[xv] performed in 2013–14 presented positive results as to the impact of the assistance provided to enterprises by the CFDCs. With a total budget envelope of $28.3 million, the Funds led to the creation of 139 jobs and the maintenance

[xv] *Summative Evaluation of the Business Startup and Succession Fund and the Business Support Fund.*

of 685 jobs. Moreover, the sales figures of close to 75% of the enterprises sampled in the evaluation increased.

A study conducted by Statistics Canada[87] compared the performance of enterprises receiving support under the CFP with that of a group of similar enterprises that did not receive assistance. This study found that the CFP has a positive impact on the enterprises supported compared with the control group between 2005 and 2010. In fact, enterprises supported posted stronger performances with respect in particular to employment growth, survival rate, value of sales, and productivity.

[87] Statistics Canada's third study on the CFP (2013).

2.4.2 Sub-program 1.3.2 – *Modernization of infrastructure*

Description

The *Modernization of infrastructure* sub-program is aimed at ensuring sound, effective management of infrastructure programs in order to strengthen the economy of Quebec's communities. Public infrastructure is a key factor in economic development.

CED acts as Infrastructure Canada's delivery partner for the administration in Quebec of the *Building Canada Fund* (BCF), Communities and Large Urban Centres components, and the *Municipal Rural Infrastructure Fund* (MRIF).[88]

These grants and contributions programs are the subject of agreements between Infrastructure Canada and the Quebec government, and are aimed primarily at municipalities.

Sub-program Financial Resources,[89] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[90]	316,556	N/A

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	4	N/A

[89] CED is responsible for monitoring the use of funds for the federal government. It is also in charge of verifying project compliance with the standards of the Framework Agreements signed and with program terms and conditions.

[90] This chart includes operating expenditures only.

[91] CED's *Report on Plans and Priorities* for 2013–14 did not provide for reporting at the sub-program level. Financial and human resources variances will be available in CED's *Departmental Performance Report* for 2014–15.

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Results (2013–14)
Sub-program 1.3.2: *Modernization of infrastructure*			
Quebec communities have upgraded public infrastructure	Number of communities[91] with public infrastructure completed according to the terms of the contribution agreement	4	4[92]

Performance Analysis and Lessons Learned

CED's performance during 2013–14 in the *Modernization of infrastructure* sub-program met expectations. CED is the signatory, as a federal delivery partner, of a Service Level Agreement with Infrastructure Canada and the other regional development agencies to ensure delivery of the Communities and Large Urban Centres components of the *Building Canada Fund*. As such, CED is the special liaison with the Quebec government. Along similar lines, CED also handles delivery of the *Municipal Rural Infrastructure Fund* program. In all, 185 projects were still active for these programs at the end of FY 2013–14.

Performance data come from the Quebec government. Regular follow-up is carried out with Quebec on the evolution of the program (commitments and evolution of projects), particularly at Canada-Quebec joint management committee meetings. The Quebec government has informed us that four communities have benefited from public infrastructure completed as of March 31, 2014. The data presented are based on projects completed under the Communities and Large Urban Centres components of the *Building Canada Fund*. All MRIF projects were completed in 2012–13.[93]

Performance highlights with respect to infrastructure programs may be found in Infrastructure Canada's *Departmental Performance Reports*.[94]

[91] Under the *Modernization of infrastructure* sub-program, the geographical breakdown of Quebec differs from the rest of CED's PAA, in order to facilitate its collaboration with the Quebec government. In this breakdown, the province comprises 17 administrative regions, which include municipalities, regional county municipalities, metropolitan communities and inter-municipal boards. The number of communities presented in the table is the aggregate of municipalities, regional county municipalities, metropolitan communities and inter-municipal boards in the 17 Quebec administrative regions which have public infrastructure completed according to the terms of the contribution agreement, as stated by the Quebec government.

[92] Results are based on projects completed for the *Building Canada Fund* (BCF) (Communities and Large Urban Centres components) only. *Municipal Rural Infrastructure Fund* (MRIF) projects were completed in 2012–13.

[93] For further details on the MRIF, visit the Infrastructure Canada website: www.infrastructure.gc.ca.

[94] Visit the Infrastructure Canada website: www.infrastructure.gc.ca.

2.4.3 Sub-program 1.3.3 – *Ad-hoc targeted support*

Description

The *Ad-hoc targeted support* sub-program is aimed at providing ad-hoc support for Quebec communities' economic activity in order to stabilize or strengthen their economies. The shifting context requires a real-time response that is geared to the most pressing local needs and consistent with specific governmental priorities.

CED is able to support Quebec communities facing economic shocks, natural disasters or situations that can have an adverse impact on their economic development, and that are facing serious economic development issues or are presented with development opportunities likely to have a positive impact on the regions.

The *Ad-hoc targeted support* sub-program is aimed primarily at enterprises and NPOs. CED intervenes in that regard through temporary additional funding from the Government of Canada or specific funds allocated by CED from its own budget.

Sub-program Financial Resources,[95] 2013–14 (dollars)

Planned Spending	Actual Spending	Difference (Actual minus planned)
N/A[96]	34,548,853	N/A

Sub-program Human Resources, 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
N/A	37	N/A

[95] This chart includes grants and contributions expenditures and operating expenditures.

[96] CED's *Report on Plans and Priorities* for 2013–14 did not provide for reporting at the sub-program level. Financial and human resources variances will be available in CED's *Departmental Performance Report* for 2014–15.

Sub-program Performance Results, 2013–14

Expected Results	Performance Indicators	Targets (2013–14)	Results (2013–14)
Sub-program 1.3.3: *Ad-hoc targeted support*			
Communities have ad-hoc support available for stabilizing or strengthening their economies	Percentage of communities supported receiving ad-hoc support:[97]		
	• *Community Infrastructure Improvement Fund* (CIIF)	85%	82%

Performance Analysis and Lessons Learned

For 2013–14, performance in the *Ad-hoc targeted support* sub-program met expectations. CED paid $31.5 million to support the implementation of 314 projects through four initiatives, two of them newly designed and one renewed during the year,[98] to cater in real time to local needs and government priorities. In this way, it provided temporary support for economic activity in almost all the communities targeted in order to stabilize or strengthen their economies.

Community Infrastructure Improvement Fund (CIIF)

As of March 31, 2014, CED had finalized delivery of the CIIF, a nationwide G&C program stemming from *Canada's Economic Action Plan 2012*. Through the CIIF, CED supported the rehabilitation and improvement, including expansion, of existing community infrastructure.

- In all, CED supported the implementation of 302 projects, for which expenditures totalled $29.8 million.

Linguistic Duality Economic Development Initiative (EDI) 2013–2018

The communities supported under EDI 2013–2018 are Quebec's official language minority communities (OLMCs).

- CED supported the implementation of six projects, to the tune of $1.4 million;
- Of the 62 OLMCs listed in Quebec, nine communities received targeted support in 2013–14, or 15% of the communities targeted.

[97] For further details concerning the Canada-wide EDI initiative, the two ad-hoc initiatives and the CIIF, visit CED's website: www.dec-ced.gc.ca/eng/programs/qedp/ciif.html.

[98] The two new ad-hoc initiatives developed and delivered by CED in 2013–14 in Quebec were the *Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile* and the *Economic Recovery Initiative for Lac Mégantic*.

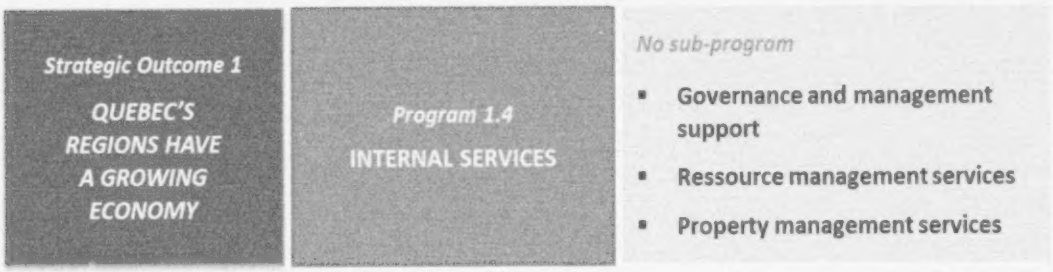
Canadian Economic Diversification Initiative for Communities Reliant on Chrysotile

- Has a budget envelope of $50 million over seven years;
- Aimed at accompanying communities and businesses in Des Appalaches and Des Sources RCMs in their efforts to diversify and strengthen their economic base and thus increase their long-term growth potential;
- 126 meetings with potential clients and economic development partners took place in the areas served;
- 11 contribution agreements signed in 2013–14 for $3.7 million in approved assistance.

Economic Recovery Initiative for Lac Mégantic

- With a budget envelope of $35 million over seven years, it is divided into three components: reconstruction of the town; direct assistance to enterprises; and creation of two investment funds managed by the Mégantic-area Community Futures Development Corporation (CFDC);
- Aims to provide support for the economic recovery and rebuilding of the town in the aftermath of the rail accident of July 6, 2013;
- Deployment of a dedicated team in the field to accompany local stakeholders in their economic development efforts. From the launch of the Initiative to March 2014, the team took part in more than 55 meetings with entrepreneurs, town officials and local economic agents;
- 4 contribution agreements signed for $6 million in total assistance.

2.5 Program 1.4 – *Internal Services*



Description

Internal services are groups of related activities and resources that are administered to meet the needs of an organization's programs and other general obligations. They include: management and monitoring services; communications services; legal services; human resources management services; financial management services; information management services; information technology services; real property services; materiel services; acquisitions management services; and other administrative services. Internal services include only those activities and resources directed at the organization as a whole, and not those provided solely to a specific program. They lead to higher efficiency in program delivery, thus contributing to quality services for Canadians.

Program Financial Resources,[99] 2013–14 (dollars)

Main Estimates	Planned Spending	Authorities[100]	Actual Spending	Difference (Actual minus planned)
14,810,720	14,810,720	15,745,105	18,292,750	3,482,030

[99] This chart includes operating expenditures only.

[100] Parliamentary authorities are awarded by global vote. So authorities by *Program Alignment Architecture* (PAA) program are estimates, and are presented as a guide only.

Program Human Resources,[xiii] 2013–14 (Full-time Equivalents – FTEs)

Planned Resources	Actual Resources	Difference (Actual minus planned)
99	138	39

Performance Analysis and Lessons Learned

As mentioned in Section 1, the actual spending trend for the *Internal Services* program has been downward since 2011–12. In fact, the savings and efficiency measures introduced to date helped CED reduce spending for this program from $23 million in 2011–12 to around $18 million in 2013–14. CED is on track to attain its modernization and transformation goals, while meeting its commitments.

Actual FTE consumption in 2013–14 for the *Internal Services* program (138 FTEs) was higher than anticipated in the *Report on Plans and Priorities* for that fiscal year (99 FTEs). But it is important to note that planned FTEs in 2013–14 were underestimated in comparison to those planned for that program in 2014–15 (120 FTEs).

The variance observed between the forecast, which should have been approximately 120 FTEs, and actual resources of 138 FTEs is attributable in particular to CED's desire to pursue and accelerate implementation of its transformation and modernization.

Following are some examples of initiatives pursued, terminated or subject to accelerated implementation in 2013–14:

- Implementation of risk-based analysis of financial assistance projects;
- Inter-agency analysis of needs for development of a government management system for grants and contributions (G&C);
- Implementation of shared operational processes in human resources;
- Preparation for migration to *PeopleSoft* enterprise resource planning software;
- Maximization of use of the data warehouse, dashboards and automated reports for decision-making and reporting;
- Continued implementation of electronic document management;
- Updating of the external and in-house communication strategies;
- Renewal of the Government of Canada's Web presence.

[xiii] The breakdown of human resources by PAA program is estimated, and is presented as a guide only. The total number of FTEs is based on the available payroll and average salary for CED employees. The planned FTEs in the *Internal Services* program are broken down according to the definition of internal services provided by the Treasury Board Secretariat (TBS) in the *Profile of Government of Canada Internal Services*. However, as agreed with TBS, CED's *Management and Monitoring Services* group, as with Canada's other regional development agencies, excludes design and management of programs, policies, standards and guidelines, and government relations. The resources allocated to those services are therefore broken down among CED's other programs and sub-programs. As to human resources, CED's actual consumption in 2013–14 was similar to 2012–13. This trend will be borne in mind in forecasting spending and consumption of FTEs.

SECTION III: Supplementary Information

3.1 Financial Statements Highlights

The financial highlights presented below provide an overview of CED's financial position and operations. The unaudited financial statements are drawn up in accordance with government accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.

Note that actual spending presented in the tables in Sections I and II of the Report were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis. Tables reconciling these two accounting methods are presented in the Notes to CED's financial statements.

A more detailed statement of operations and associated notes, including a reconciliation of the net costs of operations to the requested authorities, can be found on CED's website[102]

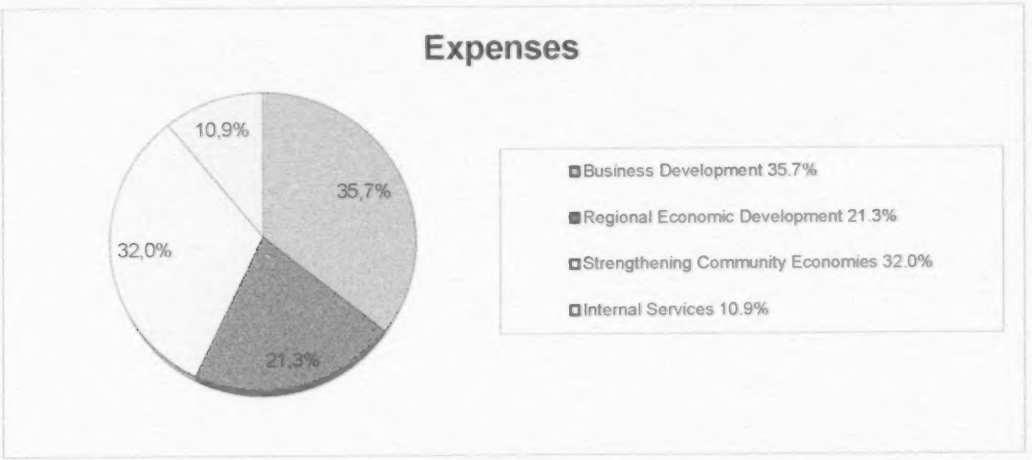
[102] Visit CED's website: http://www.dec-ced.gc.ca/ENG/publications/agency/rmr.html.

3.1.1 Condensed Statement of Operations and Departmental Net Financial Position

Condensed Statement of Operations and Departmental Net Financial Position (Unaudited) For the Year Ended March 31, 2014 (dollars)[viii]					
Financial Information	**Planned Results 2013–14**	**Actual Results 2013–14**	**Actual Results 2012–013**	**Difference (actual results 2013–14 minus planned results 2013–14)**	**Difference (actual results 2013–14 minus actual results 2012–13)**
Total expenses[103]	187,643,000	184,836,195	224,220,083	(2,806,805)	(39,383,888)
Total revenues	0	0	0	0	0
Net cost of operations before government funding and transfers	187,643,000	184,836,195	224,220,083	(2,806,805)	(39,383,888)
Departmental net financial position	(3,181,000)	(2,364,305)	(2,750,846)	816,695	386,541

[103] Expenses correspond to the economic resources used by CED during a period to deliver its PAA programs, and are of two types: (i) transfer payments; and (ii) operating expenses. Expenses calculated in the *Financial Statements* (Section III) differ from those appearing in sections I and II of the *RPP*, since unconditionally repayable contributions are not accounted for as loans, thus reducing total transfer payment expenses.

Expenses



- In 2013–14, CED's total expenses stood at $184.8 million, down $39.4 million (18%) from the previous year. This decrease is primarily attributable to the termination of funding for the *Temporary Initiative for the Strengthening of Quebec's Forest Economies* (TISQFE) and the *Support Initiative for International Cruise Development on the St. Lawrence and Saguenay Rivers*.
- In fact, transfer payment expenses, totalling $136.5 million, fell by 21% between 2012–13 and 2013–14, while operating expenses declined by 7%, to $48.3 million as of March 31, 2014. Table 3.1.1 shows that CED incurred fewer expenses than anticipated in 2013–14 (-$2.8 million). This difference is largely attributable to the measures applied by CED in 2012–13 under its *Deficit Reduction Action Plan* (DRAP).
- The chart above shows the breakdown of CED's total expenses in terms of the Program Alignment Architecture (PAA) as of March 31, 2014:
    - $66.0 million (35.7%) in *Business Development*;
    - $39.4 million (21.3%) in *Regional Economic Development*;
    - $59.2 million (32.0%) in *Strengthening of Community Economies*;
    - $20.2 million (10.9%) in *Internal Services*.

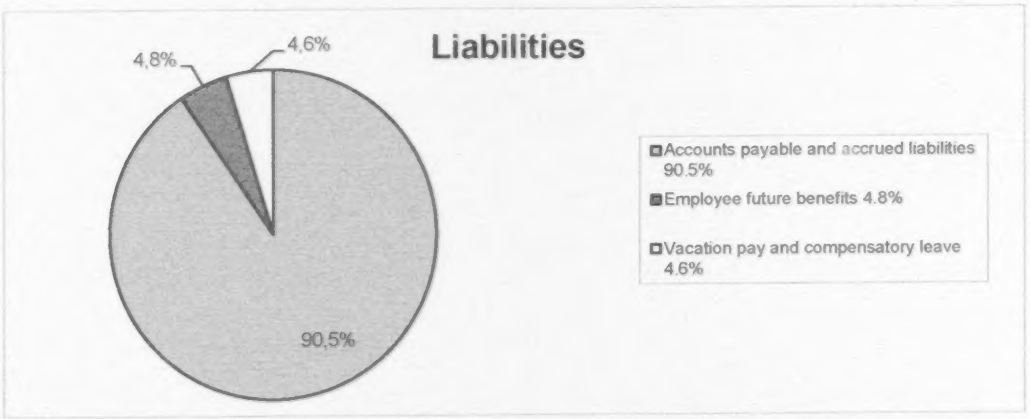
Revenues

- Being returned to the Consolidated Revenue Fund, CED's revenues are declared in its financial statements as having been earned on the Government's behalf. In 2013–14, CED's total gross revenues stood at $656,000, up 8% from the previous year. Revenues primarily comprise interest charged on missed payments.

3.1.2 Condensed Statement of Financial Position

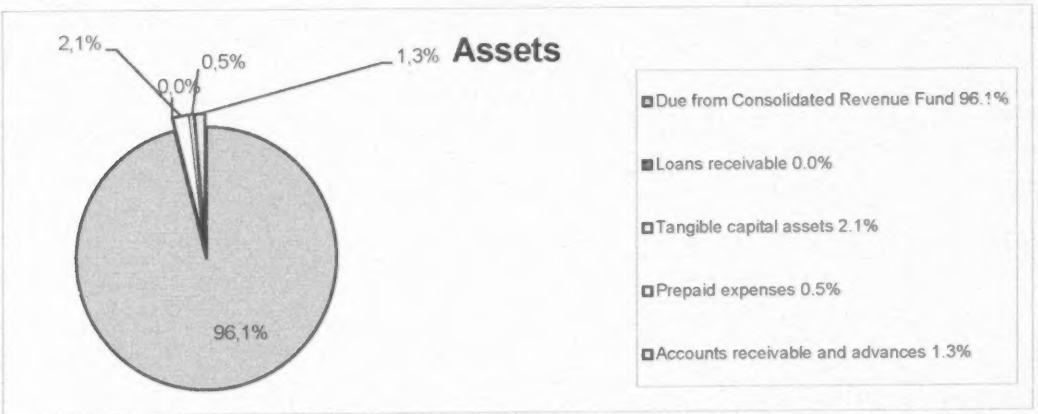
Canada Economic Development for the Regions of Quebec Condensed Statement of Financial Position (unaudited) For the Year Ended March 31, 2014 (dollars)			
Financial Information	**2013–14**	**2012–13**	**Difference (2013–14 minus 2012–13)**
Total net liabilities	33,572,155	57,377,940	(23,805,785)
Total net financial assets	30,396,774	53,580,994	(23,184,220)
Departmental net debt	3,175,381	3,796,946	(621,565)
Total non-financial assets	811,076	1,046,100	(235,024)
Departmental net financial position	(2,364,305)	(2,750,846)	386,541

Liabilities



- As of March 31, 2014, CED's net liabilities stood at $33.6 million, down 41% from the total in 2012–13. This decrease is partly attributable to lower year-end accounts payable, as well as reduced obligations for future fringe benefits.
- Accounts payable and accrued liabilities represented the largest component of liabilities, at 90.5% ($30.4 million) of net total liabilities, while future fringe benefits along with vacation pay and compensatory leave accounted for 4.8% ($1.6 million) and 4.6% ($1.5 million) of the organization's net liabilities, respectively.

Assets



- As of March 31, 2014, net financial assets stood at $30.4 million, down 43% from the previous year's total. This decrease is attributable in particular to CED's reduced accrued liabilities, as mentioned above. Amounts due from the Consolidated Revenue Fund constitute the largest component (96.1%) of the organization's net financial assets, with the remainder corresponding to accounts receivable and advances (1.3%). In return, CED's loans held entirely on behalf of the government stood at $276.3 million as of March 31, 2014, up 7% from 2012–13 owing to the increase in repayable contributions paid by the organization.

- Furthermore, CED's non-financial assets stood at $811,000 as of March 31, 2014, down 22% from the previous year. This decrease is primarily attributable to the reduction in capital asset acquisitions.

3.2 Financial Statements

CED's unaudited financial statements for the fiscal year ending March 31, 2014 and the Core Control Audit report produced by the Office of the Comptroller General of Canada along with the related Management Action Plan are available on CED's website.[IX]

3.3 Supplementary Information Tables

The supplementary information tables listed in the *Departmental Performance Report 2013–14* can be found on CED's website.[104]

- *Departmental Sustainable Development Strategy;*
- *Details on Transfer Payment Programs;*
- *Internal Audits and Evaluations;*
- *Response to Parliamentary Committees and External Audits;*
- *User Fees Reporting;*
- *Appendix 1 – Technical Notes on Performance Data.*

3.4 Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures, such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in *Tax Expenditures and Evaluations*.[5] The tax measures presented in that publication are the sole responsibility of the Minister of Finance.

[104] Visit CED's website: http://www.dec-ced.gc.ca/ENG/publications/agency/rmr.html.

SECTION IV: Organizational Contact Information

Canada Economic Development for the Regions of Quebec

Dominion Square Building
1255 Peel Street, Suite 900
Montreal, Quebec H3B 2T9
CANADA

Telephone: 514-283-6412
Fax: 514-283-3302

Website: www.dec-ced.gc.ca

Additional Information

The following information may be found on CED's website:

CED Programs:
www.dec-ced.gc.ca/eng/programs/index.html

CED Organizational Chart:
www.dec-ced.gc.ca/eng/agency/chart/organizational.html

CED Business Offices:
www.dec-ced.gc.ca/eng/contact/offices/index.html

CED Project Submission Guide:
www.dec-ced.gc.ca/eng/programs/guide.html

Appendix: Definitions

Appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Budgetary Expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

Full-time Equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada Outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

Non-Budgetary Expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

Performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

Performance Indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

Performance Reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability and transparency.

Planned Spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates. A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

Plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

Priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

Program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

Results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

Sunset Program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

Target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

Whole-of-Government Framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their Programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i *Whole-of-Government Framework*:
www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx.

ii *Public Accounts of Canada 2014*:
www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html.

iii Information on data sources, their processing and reliability is available in the supplementary tables on the CED website (See Appendix 1 – *Technical Notes on Performance Data*)
www.dec-ced.gc.ca/eng/publications/agency/rmr.html.

iv Statistics Canada (2013), *Economic Impact Study – 2001 to 2010*.

v The *Policy on Transfer Payments* requires of departments and agencies that the administrative requirements imposed on recipients reflect the level of risk.
www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=13525&section=text.

vi *2012 Fall Report of the Auditor General of Canada: Chapter 2 – Grant and Contribution Program Reforms*
www.oag-bvg.gc.ca/internet/English/parl_oag_201210_02_e_37346.html.

vii *Summative Evaluation of the Business Startup and Succession Fund and the Business Support Fund.*

viii *Future-oriented Financial Statements (Unaudited)* as at March 31, 2013 and 2014
http://www.dec-ced.gc.ca/ENG/publications/agency/rmr.html

ix CED's *Financial Statements*:
http://www.dec-ced.gc.ca/ENG/publications/agency/rmr.html

x Government *of Canada Tax Expenditures and Evaluations:*
www.fin.gc.ca/purl/taxexp-eng.asp.